WELFARE TO WORK VOUCHERS:

LEVERAGING RESOURCES FOR SUPPORTIVE SERVICES AND CASE MANAGEMENT

Welfare agencies, labor agencies and private foundations have considerable funds available to support employment training and other supportive services. In addition to TANF block grant funds, there are often a host of financial resources in the local community, including Workforce Investment Act (WIA) funds, Welfare-to-Work funds, and other state, local and private funds. PHAs can provide Section 8 Welfare-to-Work voucher families with access to a broader array of services by tapping into these resources. By leveraging resources for supportive services and case management, PHAs will be more likely to achieve the WtW program's objective of enabling families to obtain and retain employment.

Taking Advantage of Unspent State Welfare Funds

The Center on Budget and Policy Priorities recently published a report outlining ways that states can use their unspent TANF federal funds to supplement services for low-income working families. Currently, a number of states have substantial TANF surpluses dating back to fiscal years 1997, 1998, and 1999. These unspent funds total $7.3 billion and result from states receiving a fixed amount of federal TANF money, while at the same time experiencing declining caseloads.

PHAs should work with their State and local TANF agencies to obtain these excess funds and use them to expand their assistance to low-income families through increased case management, access to child care, transportation assistance, housing search assistance, substance abuse treatment, domestic violence assistance, and other supportive services.

TANF funds that have not been spent by states are reported to the Department of Health and Human Services in one of two categories:

- "Unliquidated obligations" refer to amounts that states have committed to spending, but have not yet spent; payments that have been processed, but not finalized; and in some states, "rainy day" reserves set aside for future needs.

- "Unobligated" funds have not been spent or committed to services. In some states, "rainy day" reserves are categorized as unobligated funds.

A complete listing of states and their unliquidated and unobligated TANF funds as of September 30, 1999 can be found at the Center on Budget and Policy Priorities website: http://www.cbpp.org/1-12-00wel-pr.htm . Once at this site, click on "Welfare Balances After Three Years of TANF Block Grants" to read the report and view the state listings.

Department of Labor Amends Welfare-to-Work Grants Program, Providing Grantees Increased Flexibility in Expenditure of Funds

The Welfare-to-Work and Child Support Amendments of 1999[1] make several significant changes to the Welfare-to-Work (WtW) Grants Program administered by the Department of Labor (DOL). Eighty-five percent of state WtW formula funds are allocated to area Workforce Development Boards or Private Industry Councils (PICs) to distribute to local service providers. The program is an important source of potential funding for housing authorities that provide job training and employment preparation services.

PHAs that currently administer job training programs funded through the WtW Grants Program, as well as those interested in obtaining WtW funds, should take note of the changes to the program. The amendments, which are summarized below, increase the flexibility of the program by broadening eligibility requirements and adding pre-employment vocational education and job training as an eligible activity.

Pre-Employment Vocational Education and Job Training

Under current law, grant recipients may use funds to move individuals into lasting, unsubsidized employment through any of the following means:

- Community service or work experience programs;
- Job creation through public or private sector employment wage subsidies;
- On-the-job training;
- Contracts with public or private providers of readiness, placement, and post-employment services;
- Job vouchers for placement, readiness, and post-employment services; and
- Job retention or support services if such services are not otherwise available.

In addition to these activities, the amendments add up to six months of pre-employment vocational education and job training as allowable activities.

Eligibility Requirements: 70 Percent Funding Category

Under current law, at least 70 percent of grant funds must be used to provide services to long-term TANF recipients who meet two of three specific barriers to employment (i.e., lack of a high school diploma or GED, poor work history, or a substance abuse problem). The amendments provide grantees with greater flexibility by eliminating the requirement that long-term TANF recipients possess the additional barriers to employment noted above. Therefore, PHAs that receive WtW funding can provide services to TANF recipients who meet one or more of the following conditions:

- They have received assistance for at least 30 months;
- They are within 12 months of reaching their TANF time limit; or
- They have exhausted their receipt of TANF due to time limits.

[1] See Title VIII of H.R. 3424, the Departments of Labor, Health and Human Services, Education, and Related Agencies Appropriations Act, 2000.

In addition, PHAs can provide services under the 70 percent funding category to noncustodial parents who meet all three of the following criteria:

- They are unemployed, underemployed, or having difficulty making child support payments;

- Their minor children are eligible for or are receiving TANF benefits, received TANF benefits during the preceding year, or are eligible for or are receiving assistance under the Food Stamps program, the Supplemental Security Income program, Medicaid, or the Children's Health Insurance Program; and

- They enter into a personal responsibility contract under which they commit to establish paternity, pay child support, participate in services to increase their employment and earnings, and support their children.

Eligibility Requirements: 30 Percent Funding Category

Under current law, projects may also spend up to 30 percent of grants funds on "recent" TANF recipients and noncustodial parents who have characteristics associated with long-term dependency (e.g., school dropout, teen pregnancy, or poor work history). The amendments delete noncustodial parents from this category and add to it the following groups:

- Youth who have aged out of foster care;
- Custodial parents with incomes below the poverty level; and
- TANF recipients who face barriers to self-sufficiency under criteria established by the local workforce development board.

Effective Dates

Competitive grantees were to begin serving the newly eligible individuals and providing vocational education and job training on January 1, 2000. Formula grantees may begin serving the newly eligible individuals and providing vocational education and job training as of July 1, 2000, but federal formula funds may not be expended for these purposes until October 1, 2000. This means that during the July through September quarter, formula grantees may use state matching funds for these purposes or may incur obligations for payment, provided that federal formula funds are not used to pay such obligations before October 1. Native American grantees may begin servicing the newly eligible individuals and providing job training immediately upon enactment.

To view the legislation in its entirety, and to obtain more information about DOL WtW grants, visit the Department of Labor's Welfare-to Work homepage at http://wtw.doleta.gov/. The site includes a state-by-state list of grantees, including award amounts, project summaries, and contact information.

LEVERAGING RESOURCES FOR SUPPORTIVE SERVICES AND CASE MANAGEMENT

USEFUL WEB LINKS

http://fdncenter.org/searchzone/

The Foundation Center is an independent nonprofit information clearinghouse that provides grant seekers, grant makers, researchers, policy makers and the general public with access to free information about the foundation field.

- **Foundation Center Libraries**. The Foundation Center operates libraries in five locations. The center's national collections are housed at its headquarters in New York City and at its field office in Washington, DC. Regional collections are located at the center's offices in Atlanta, Cleveland and San Francisco.

    - **Cooperating Collections**. The Foundation Center's Cooperating Collections are located in public libraries, community foundation offices and other nonprofit agencies throughout the United States. The Cooperating Collections offer core center publications free to the public and trained staff to provide direction on the appropriate resources for funding information. Many Cooperating Collections also have information on local funders and private foundations in their state or region. To locate the Cooperating Collection in your area, call the Foundation Center at 1-800-424-9836.

- **Foundation Center Services**

    - ***Orientations***: Each Foundation Center-operated library offers free weekly orientations on the funding research process. These orientations are designed to give an overview of the foundation and corporate giving world. The orientations also provide an introduction to the effective use of the center's publications, resources and services.

    - ***Reference Materials***: The Foundation Center maintains a collection of Forms 990-PF, the Internal Revenue Service information returns filed annually by more than 40,000 U.S. private foundations. The center also maintains a host of grant maker material including annual reports, newsletters, press releases and application guidelines. The center has a collection of directories, book and periodicals on topics such as fund raising, nonprofit management and program planning.

www.nifl.gov/Grants.html

Includes Department of Labor, Health and Human Services, and foundations.

www.tgci.com/

The Grantsmanship Center. Includes Federal and State governments, as well as community foundations.

www.clark.net/pub/pwalker/Fundraising_and_Giving/Grants_and_Funding_Sources/

Long list of funding resources and links.

www.statelocal.gov/funding.html

State and local gateway to Federal funding, by category. Categories include Families/Children and Housing.

www.hud.gov/fundsavl.html

Available HUD funding.

www.os.dhhs.gov/progorg/grantsnet

Department of Health and Human Services funding.

http://aspe.os.dhhs.gov/cfda/index.htm

The *Catalog of Federal Domestic Assistance Programs* (CFDA) is a government-wide compendium of all 1,424 Federal programs, projects, services, and activities that provide assistance or benefits to the American public.

http://www.acf.dhhs.gov/programs/ofa/exsumcl.htm

TANF Summary Final Rule. Includes the following information about TANF funding:

> A State may transfer a total of up to 30 percent of its TANF grant to the Discretionary Fund of the Child Care and Development Fund and the Social Services Block Grant. (The maximum amount that may be transferred to SSBG is 10 percent now, but only 4.25 percent in FY 2001 and thereafter.) The transfers must occur during the year of the grant. Transferred funds are subject to the rules of the program to which they are transferred (including the administrative cost caps).

www.acf.dhhs.gov/programs/ofa/finalru.htm

Complete TANF final rule.

SECTION 8 WELFARE TO WORK VOUCHERS: DEVELOPING A MEMORANDUM OF UNDERSTANDING (MOU)

What is a MOU?

A Memorandum of Understanding (MOU) is a written agreement between two or more parties that defines the roles and responsibilities of each party with respect to the collaborative efforts of a particular program/project. A MOU is sometimes called a Memorandum of Agreement (MOA).

Why is a MOU important?

A MOU is important because it outlines specific roles and responsibilities so that all parties have a clear understanding of their purpose in the partnership. With a clear understanding of the purpose, organizations can begin working together to achieve the goal(s) and objectives specified in the MOU.

What makes an effective MOU?

- *Clear Mission Statement.* With a clear mission statement, the parties can develop a meaningful purpose statement, identify the scope, assign responsibilities and outline the terms of understanding.

- *Commitment of Senior Management.* A MOU should always be signed by someone in the organization with authority to enter into the agreement. Also, assign appointees (who may be different from the signing authorities) from each organization who have a strong knowledge of their organization's purpose and the purpose of the collaboration so that he or she can carry out the responsibilities as described in the MOU.

- *Monitor Progress.* Review the MOU at least once a year to ensure that it is fulfilling its purpose and to make any necessary revisions. All revisions should be noted and agreed upon by both signing authorities.

- *Specify Term.* Establish a term for the MOU, usually one to three years from the effective date, and state termination guidelines.

What are the types of partnerships that a MOU might establish?

There are four main ways in which to establish a partnership: networking, coordinating, cooperating, and collaborative.

- **Networking** – Primarily involves the exchange of information. For example, your housing authority and the local TANF agency exchange names of individuals who are eligible for both TANF and Section 8 Welfare to Work vouchers.
- **Coordinating** – Working together to make sure that your activities and the activities of the partner agency do not overlap. For example, making sure that your job training

program and the Department of Labor's employment assistance program are complementary, not redundant.

- **Cooperating** – Sharing resources to achieve a common goal. For example, a local business has experienced a boon and is unable to keep up with its success. The local TANF agency partners with this business, which agrees to train TANF recipients to work at its factory.

- **Collaborative** – Two organizations working together to the extent that they are "sharing risks, responsibilities, and rewards." For example, two housing authorities partnered to apply for Section 8 Welfare to Work vouchers and will deliver services to a population that tends to live in the jurisdiction of one housing authority but work in the jurisdiction of the other.

How does an organization develop a MOU?

Attached is a sample MOU template that can be used to frame your organization's MOU. It contains standard language used in a MOU. The italic, underlined areas require information from your organization and/or the partnering organization, and allow you to tailor the MOU to fit your needs. Fill in the italic, underlined areas with the information requested. After you fill in these areas, reread the MOU for accuracy and clarity; make changes to the standard language as necessary.

SAMPLE MOU TEMPLATE

Memorandum of Understanding
Between
Your Organization
And
Partnering Organization
For Application To
Welfare-to-Work Section 8 Tenant-Based Assistance Program

This Memorandum of Understanding (MOU) establishes a *type of partnership* between *your organization* and *partnering organization*.

MISSION

Brief description of your organization's mission. You might want to also include a sentence about the specific program if applicable.

Briefly describe your partnering organization's mission.

Together, the Parties enter into this Memorandum of Understanding to mutually promote *describe efforts that this partnership will promote e.g. health care or workforce development*. Accordingly, *your organization* and *partnering organization*, operating under this MOU agree as follows:

PURPOSE AND SCOPE

Your organization and *partnering organization* – *describe the intended results or effects that the organizations hope to achieve, and the area(s) that the specific activities will cover. Consider addressing the following in your narrative:*

- *Why are the organizations forming a partnership? Benefits for the organization?*
- *Who is the target population?*
- *How does the target population benefit?*

Include issues of funding if necessary. For example, "Each organization of this MOU is responsible for its own expenses related to this MOU. There will/will not be an exchange of funds between the parties for tasks associated with this MOU."

RESPONSIBILITIES

Each party will appoint a person to serve as the official contact and coordinate the activities of each organization in carrying out this MOU. The initial appointees of each organization are:

List contact persons with address and telephone information

The organizations agree to the following tasks for this MOU:

Your organization will:

List tasks of your organization as bullet points

Partnering organization will:

List tasks of partnering organization as bullet points

Your organization and *partnering organization* will:

List shared tasks as bullet points

TERMS OF UNDERSTANDING

The term of this MOU is for a period of *insert length of MOU, usually 1-3 years* from the effective date of this agreement and may be extended upon written mutual agreement. It shall be reviewed at least *insert how often, usually annually* to ensure that it is fulfilling its purpose and to make any necessary revisions.

Either organization may terminate this MOU upon thirty (30) days written notice without penalties or liabilities.

AUTHORIZATION

The signing of this MOU is not a formal undertaking. It implies that the signatories will strive to reach, to the best of their ability, the objectives stated in the MOU.

On behalf of the organization I represent, I wish to sign this MOU and contribute to its further development.

Your Organization:

Enter Name, Title, Name or Organization and Date

Partnering Organization:

Enter Name, Title, Name or Organization and Date

CENTER ON BUDGET AND POLICY PRIORITIES

February 17, 1999

THE INCREASING USE OF TANF AND STATE MATCHING FUNDS TO PROVIDE HOUSING ASSISTANCE TO FAMILIES MOVING FROM WELFARE TO WORK

by Barbara Sard and Jeff Lubell

Executive Summary

In the last two years, the states of Connecticut, Kentucky, Maryland, Minnesota, North Carolina and New Jersey, and Los Angeles and San Mateo Counties in California have used federal TANF or state Maintenance of Effort (MOE) funds,[2] alone or in combination with other funds, to establish programs to provide housing assistance to families attempting to make the transition from welfare to work. Each of these efforts assists a relatively modest number of families compared to many other TANF-funded programs: these housing assistance programs range in size from about 75 families assisted annually in San Mateo County to 1,200 families per year in Connecticut. These modest programs are noteworthy, however, because they demonstrate the growing recognition by state welfare policymakers that affordable housing — like child care, medical care and transportation — can be an important foundation of economic self-sufficiency that merits the expenditure of funds traditionally reserved for income maintenance and employment and training functions.

The Value of Housing Subsidies to Welfare Reform Efforts

Recent research results suggest that housing subsidies can be helpful in advancing welfare reform objectives. An evaluation of Minnesota's welfare reform initiative (known as MFIP) by the Manpower Demonstration Research Corporation, for example, found that residents of public and subsidized housing benefitted more from that initiative than poor families not residing in such housing. The central features of MFIP were a requirement that recipients participate in work activities and a substantial increase in the amount of earned income that was disregarded in determining the family's eligibility for, and benefit level under, the state's cash assistance program. The evaluation found that among long-term welfare recipients in urban counties subject to both the work participation requirements and the earnings disregard, employment and earnings increases were significantly greater for families living in public or subsidized housing than for those in private housing.

The evaluation also found that MFIP participants living in public or subsidized housing outperformed residents of private housing on an absolute basis; average earnings over 18 months among long-term welfare recipients in urban counties who were subject to the work participation

[2]"TANF" is the acronym for Temporary Assistance for Needy Families, the federal block grant that replaced the former federal welfare program, Aid for Families with Dependent Children (AFDC). Maintenance of Effort (MOE) funds are those state funds that states must spend to continue receiving their full federal TANF block grant.

requirements and the earnings disregard and who lived in public or subsidized housing exceeded by more than 40 percent the average earnings of participants not residing in such housing.[3]

Analyzing data collected in four California counties (Alameda, Los Angeles, San Bernardino, and San Joaquin), researchers from UCLA found that, on average, families receiving both Aid to Families with Dependent Children (AFDC) benefits and Section 8 housing subsidies worked significantly more hours than AFDC families living in other forms of housing, including unsubsidized housing. The researchers found this result held true after controlling for observed differences in personal characteristics.[4]

Additional research is needed to confirm the applicability of these preliminary findings to other welfare reform programs. These findings suggest, however, that housing subsidies may be useful in helping families make the transition from welfare to work. Although the available research does not provide definitive explanations for these results, there are a number of possible explanations for why housing subsidies may help families to obtain and retain employment.

- By making housing more affordable, housing subsidies may help to stabilize the lives of low-income families and thereby improve their ability to secure and retain jobs. Some families with housing affordability problems may be forced to move frequently from the home of one friend or relative to that of another (or, if no other options are available, to a homeless shelter). Such moves can interrupt work schedules and jeopardize employment.

- By reducing housing costs, housing subsidies can free up funds within the budgets of low-income families for work-related expenses, such as child care, work clothes, and transportation.

- Housing subsidies can help families move to areas with greater job opportunities.

In addition to the potential role of housing subsidies in promoting employment among welfare recipients, housing subsidies may provide other important social benefits:

- *Education*. Housing subsidies may help to improve children's educational prospects in two ways. First, some studies have shown that the children of families that move frequently tend to do less well in school. By enabling poor families to find and keep affordable housing, housing subsidies may help these families' children to maintain attendance rates and remain in a stable school setting, improving their educational prospects.[5] Second, there is some evidence to suggest that school performance is correlated with certain neighborhood characteristics, such as poverty concentration. By enabling families to move to neighborhoods with better educational opportunities, tenant-based housing vouchers (as well as some well-located project-based developments) may help assisted families to secure better educations for their children.

[3]Cynthia Miller, *Explaining MFIP's Impacts by Housing Status*, Unpublished Paper, Manpower Demonstration Research Corporation (MDRC), 1998.

[4]Paul Ong, "Subsidized Housing and Work Among Welfare Recipients," *Housing Policy Debate* 9:4 (1998), p. 775.

[5]*See, e.g.*, "A Report from the Kids Mobility Project," March 1998, available from the Hennepin County Office of Planning & Development, Government Center A-2308, 300 S. Sixth St., Minneapolis, MN 55487-0238, (612) 348-4466.

- *Child health*. Studies by doctors in Boston suggest that receipt of housing subsidies may lead to child health benefits. One study, for example, found that children of families on a waiting list for housing assistance were much more likely to suffer from stunted growth than children of families receiving housing subsidies.[6] The most likely explanation for these results is the increased ability of families with housing subsidies to afford nutritious food.

- *Domestic violence.* Housing vouchers can help victims of domestic violence escape abusive living situations. Without access to housing subsidies, domestic violence victims may be forced to stay in an abusive living situation or to leave their homes and possibly become homeless, undermining family stability.

The Shortage of Affordable Unsubsidized Rental for Families Making the Transition From Welfare to Work

Despite a strong economy, there continues to be a shortage of affordable rental housing. As of 1995, some 5.3 million very-low-income renter households — including 2.4 million households with earnings as their primary income source — either spent more than half of their income on housing or lived in severely substandard housing, but received no government housing assistance.[7] The dominant housing problem of most of these households was having to spend more than half of their income on housing. Preliminary data suggest this situation may have grown worse since 1995.

Although many families experience an increase in income when they leave welfare for work, they generally remain poor. One review of studies of employed former recipients of welfare and recipients combining work and welfare found that, on average, such families earn between $8,000 and $10,800. Although rental costs vary by area and from household to household within each area, on average, the rental and utility costs of a modest apartment of decent quality in a metropolitan area will consume more than half of the income of a family making $12,000 per year. After paying such high housing costs, low-income working families may have insufficient income remaining to pay for child care, transportation and other work-related expenses and have difficulty meeting basic needs. Such families also are vulnerable to losing their housing as a result of inability to pay the rent.

State and Local Housing Programs Funded with TANF or MOE Funds

In the past year or two, six states and two California counties have initiated programs that use TANF or state MOE funds to provide housing assistance to families attempting to make the transition from welfare to work.

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[6]Allan R. Meyers *et al.*, "Housing Subsidies and Pediatric Undernutrition,"*Archives of Pediatric Adolescent Medicine* (1995), 149:1079-1084.

[7]U.S. Department of Housing and Urban Development, *Rental Housing Assistance—The Crisis Continues: The 1997 Report to Congress on Worst Case Housing Needs*, Washington, DC, 1998. HUD defines "very-low income" households as those with incomes below 50 percent of the area median family income, as adjusted for family size and other factors. The area median family income varies substantially from area to area.

State welfare grants have always provided some assistance to meet housing-related costs. The amount of welfare assistance a family receives usually does not vary, however, based on the family's actual housing costs, partly because of the large costs that would likely be incurred by a program that seeks to ensure that all qualifying families have sufficient income left over after payment of their housing costs to meet other basic needs. These new state initiatives do not seek to assist families generally with high housing costs. Instead, they use TANF or MOE funds to provide a significant amount of financial assistance to help meet the ongoing housing costs of a limited number of families attempting to make the transition from welfare to work.

The new TANF- or MOE-funded housing assistance programs in Connecticut, Maryland, Minnesota, New Jersey, North Carolina and in Los Angeles and San Mateo counties provide tenant-based housing vouchers that subsidize rents for housing that families locate in the private market. Families may use their vouchers to reduce their rent burden for the housing they already occupy or to rent new housing. The programs in Minnesota and Mecklenburg County, North Carolina allocate a small portion of the available subsidies to particular property owners, who rent their units to eligible low-income families and may provide families with additional work-related services. The Kentucky program provides assistance to help families afford the costs of homeownership. The programs of three North Carolina counties include both homeownership and rental components.

All of these programs control costs by placing limits on the duration of the housing subsidies as well as on the number of families that can participate. The duration of rental assistance varies from one year in Connecticut and San Mateo County to 18 months in Maryland and North Carolina, two years in Los Angeles, three years in New Jersey, and five years in Minnesota. Because of funding constraints, all of the states except Connecticut either limit the areas of the state in which the program operates or require agencies or counties to compete for a limited pool of funds, or both.

Some states fund their programs exclusively with TANF block grant funds. Others use state funds that the state counts towards its Maintenance of Effort (MOE) obligation or a combination of TANF and MOE funds. The choice of which funding stream(s) to employ is closely related to the decision regarding which group(s) of families a state wishes to serve. States that wish to target families already receiving TANF-funded "assistance" can safely use TANF funds to provide housing assistance without affecting the families' future eligibility for TANF benefits under the federal five-year time-limit. States that wish to provide housing assistance to families that are *not* already receiving TANF-funded "assistance," however, should consider funding the housing assistance with MOE funds that are accounted for separately from TANF funds. The months during which families receive benefits provided with such MOE funds do not count against the families' federal lifetime time-limit. By using MOE rather than TANF funds to serve these families, as a number of the states with these programs are doing, states ensure that the families remain eligible for TANF-funded "assistance" should they need it at a later date.

States that wish to establish a housing assistance program that serves both families that currently receive TANF cash assistance and families that do not receive TANF cash aid can create a housing program that combines use of federal TANF funds for families currently receiving TANF cash aid with use of MOE funds for other families. By deploying funds in this manner, states can ensure the uninterrupted provision of housing assistance to working poor families that increase their earnings enough so they no longer qualify for TANF cash aid, and can do so without jeopardizing these families' ability to receive TANF-funded cash assistance at some future time if hardship should confront them (as in a recession).

For More Information:

This is the Executive Summary of an in-depth paper on state and local housing programs funded with TANF or MOE funds. The full text is available on the Internet at:

http://www.cbpp.org/2-17-00hous.pdf

FAMILY SELF SUFFICIENCY PROGRAM
QUESTIONS AND ANSWERS
11/16/99

Q-1. Was the FSS Program eliminated by the Public Housing Reform Act of 1998 (also known as the Quality Housing and Work Responsibility Act of QHWRA)?

A-1. *No*

Q-2. How did the Public Housing Reform Act of 1998 change the mandatory minimum program size requirements for the FSS Program?

A-2. *The Public Housing Reform Act made the following changes to the FSS program mandatory minimum program size requirement:*

- *Reservation of funds on or after October 21, 1998 for additional Section 8 certificates or vouchers and for acquisition or construction of additional public housing units* <u>*will not increase the PHA's mandatory minimum program size*</u> *for its Section 8 or public housing FSS programs.*

- *The mandatory minimum FSS program size,* <u>*prior to any reductions approved by HUD*</u>*, will be reduced by one slot for each FSS family that fulfills its FSS contract of participation on or after October 21, 1998.*

Q-3. Does the Public Housing Reform Act of 1998 state that PHAs need no longer recruit families for FSS?

A-3. *No. PHAs with mandatory FSS program* <u>*must*</u> *complete their FSS program obligations. A PHA's FSS obligation continues until the number of families successfully completing the FSS program on or after October 21, 1998, is equal to the number of the mandatory FSS slots of the PHA prior to any reduction approved by HUD. (Since the obligation for public housing and Section 8 FSS are separate, graduation of Section 8 FSS program participants reduces the mandatory Section 8 FSS program size and graduation of public housing FSS graduates reduces the mandatory public housing FSS program size.) PHAs with voluntary FSS programs may maintain FSS programs at the level reflected in their HUD-approved FSS Action Plan.*

Q-4. Is the FSS program being phase out?

A-4. *No. Although the mandatory aspect of the program will gradually be eliminated as families successfully complete the program, the ability of PHAs to operate voluntary FSS programs is not being phased out or eliminated.*

The Department supports FSS. HUD will continue to pay for escrow costs and intends to continue to make funding for Section 8 FSS program coordinators available through annual NOFAs. Operating subsidy will also continue to be available to fund on FSS coordinator position for the public housing FSS program.

The Department believes that the FSS program is an invaluable tool for PHAs and families in connection with welfare reform, and that it can support a variety of HUD initiatives including Section 8 welfare-to-work vouchers, the Family Unification program, and the new Resident Opportunities and Self Sufficiency (ROSS) program. The FSS program helps families move from welfare and low-wage jobs, to employment that pays a living wage allowing families to become truly self-sufficient.

Q-5. May PHAs operate voluntary FSS program?

A-5. *Yes. Whether or not a PHA has mandate to operate an FSS program, it may operate a voluntary FSS program. PHAs with no mandate can obtain HUD approval to operate a completely voluntary program while PHAs with mandatory FSS programs can receive approval to operate FSS program larger than their mandates. Approval to operate a voluntary FSS program is obtained when HUD approves the PHA's FSS Action Plan that reflects the PHA's voluntary FSS program.*

Q-6. In FY 2000 and beyond, how can PHAs fund their FSS escrow account?

A-6. *PHAs will fund their escrow accounts as they have in the past:*

- *For public housing FSS programs, PHAs should continue to follow the procedure outlined in question C-1 of HUD's May 1993 questions and answers on FSS which was included in HUD notices PIH 93-24 and PIH 94-59(HA). Public housing families will pay their rent to the PHA in accordance with normal procedures and the PHA will credit the applicable portion of a family's rent charge to the family's FSS escrow account. For purposes of reporting the total monthly rent roll in the calculation of operating subsidy under PFS, a PHA is allowed to exclude the amount credited to the escrow account.*

- *For Section 8 FSS programs, the escrow credit is part of the PHA's housing assistance payments cost that is requisitioned from HUD and reflected in the PHA's housing assistance costs in its year-end statement. When a family's earned income increases making the family eligible for an escrow credit, the FSS family will pay a higher rent to the owner based on its increased income and the PHA will adjust the housing assistance payment to the owner to reflect the family's increased income. Each month the PHA will make the appropriate housing assistance payment to the owner and deposit the escrow credit in the family's FSS escrow account. In its requisition, the housing assistance payment amount requested by the PHA will be the sun of the actual housing assistance payment to the owner on behalf of the family plus the full amount that the PHA has credited to the family's FSS escrow account. Since the escrow costs are included in the amount of housing assistance payments in the PHA's year-end statement, the escrow costs are taken into account in calculating the PHA's per unit cost for Section 8 renewals.*

Q-7. Will HUD publish a NOFA for Section 8 FSS program coordinators in FY 2000?

A-7. *Yes. Although it will not be part of the SuperNOFA, the FY 2000 Section 8 FSS program coordinator NOFA should be published at the same time as the SuperNOFA.*

Q-8. Are funds available for an FSS program coordinator for public housing FSS program?

A-8. *Operating subsidy is available for reasonable and eligible administrative costs of public housing FSS, including the costs of employing a full-time FSS program coordinator.*

Q-9. Did the Public Housing Reform Act of 1998 eliminate HUD's ability to approve full or partial exceptions to a PHA's mandatory minimum program size?

A-9. *HUD field offices have continued authority to approve full or partial exceptions permitting a PHA's to operate an FSS program smaller than its mandatory minimum size. To obtain an exception, the PHA must demonstrate that at the present time it cannot administer an FSS program of the mandatory minimum program size because of local circumstances such as lack of supportive services, lack of funding for reasonable administrative costs, lack of cooperation by units of state and local government or lack of family interest.*

As in the past, after reviewing and evaluating the PHA's request for an exception, the HUD field office must offer technical assistance to the PHA to help resolve the problems that are preventing the PHA's implementation of its FSS program. The HUD field office staff should share with the PHA information about techniques used by other PHA's, refer the PHA to other PHAs that have successfully implemented FSS programs and assure that the PHA has tried different approaches. For example a PHA having difficulty establishing an FSS program of the required minimum size may combine its FSS program with that of another PHA so that both can share available supportive services and administrative resources. All PHAs must try to implement an FSS program of the initial minimum program size prior to approval of a complete or partial exception.

When approving an exception, the HUD field office letter to the PHA authorizing an exception must state the number of families under the PHA's original FSS obligation, the new FSS obligation and the expiration date of the exception.

Q-10. Does HUD approval of a full or partial exception permanently reduce a PHA's minimum FSS program size?

A-10. *No. Exceptions expire three years from the date of HUD approval. If a PHA seeks to continue an exception after its expiration, the PHA must submit a new request and new certification to HUD for approval.*

Q-11. Do the FSS regulations at 24 CFR part 984 apply to voluntary public housing and Section 8 FSS programs?

A-11. *Yes. Both voluntary and mandatory public housing and Section 8 FSS programs must comply with the FSS regulations found in 24 CFR part 984.*

Q-12. Did the definition of "welfare assistance" change for purpose of determining if an FSS family is eligible to claim its escrow account?

A-12. *No. A proposed new definition was included in the proposed Admissions and Occupancy rule. The Department received many comments favoring the proposed new definition, but a final rule has not yet been published. Until a new definition is published as a final rule and becomes effective, the old definition remains in effect.*

Q-13. Will the Section 8 Management Assessment Program (SEMAP) still include indicators for FSS programs?

A-13. *Yes. Two indicators will apply to PHAs <u>with mandatory FSS programs</u>. One indicator will measure FSS enrollment as a percentage of the PHA's mandatory FSS program size or HUD approved exception program size; the other will measure the percentage of families in mandatory FSS programs with escrow account balances.*

Since HUD will obtain this information from the HUD-50058 FSS Addendum, it is essential that PHAs assure that each 50058 FSS Addendum is completed accurately and submitted as required. The Department expects to begin scoring under MTCS in April 2000 for those PHAs whose fiscal year ends on December 31, 1999.